



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 9th day of February, 2004

Essential air service at

**LARAMIE, WYOMING
RIVERTON, WYOMING
ROCK SPRINGS, WYOMING
WORLAND, WYOMING**

under 49 U.S.C. 41731 *et seq.*

Served: February 12, 2004

**Docket OST-1997-2958
Docket OST-2003-14536
Docket OST-1997-2959
Docket OST-1997-2981**

ORDER REQUESTING PROPOSALS

Summary

By this order, the Department is requesting proposals from carriers interested in providing essential air service at the four Wyoming communities listed above for a future two-year period, with or without subsidy. (See Appendix A for a map of the service area.)

Background

By Order 2000-5-14, May 16, 2000, the Department selected Great Lakes Aviation, Ltd., to provide subsidized essential air service at Laramie, Rock Springs, and Worland to Denver. By Order 2002-7-34, July 26, 2002, the Department requested proposals from air carriers interested in providing essential air service at the three communities.

On February 19, 2003, Great Lakes filed a 90-day notice of its intent to suspend service at Riverton, effective May 20, 2003. By Order 2003-4-11, April 15, 2003, the Department prohibited Great Lakes from suspending its Riverton-Denver service, and requested proposals from air carriers interested in providing replacement service at the community. The Department received proposals from Big Sky Transportation Co., d/b/a Big Sky Airlines, Great Lakes Airlines, and Mesa Air Group.

Request for Proposals

As indicated above, the Department has already issued orders requesting proposals from carriers interested in serving these four communities. As discussed in detail below, we have recently streamlined our procedures in response to a more competitive essential air service environment. Because we are not close to concluding all of the subsidy rate negotiations, we find that these cases merit being processed in one comprehensive case under our new, streamlined carrier selection procedures.

Carriers interested in filing proposals, with or without subsidy requests, should file them within 30 days of the date of service of this order. At the end of that period, our staff will docket the proposals, thereby making them public, and direct each carrier to serve a copy of its proposal on the civic parties and other applicants. Shortly afterwards, we will provide a summary of the proposals to the communities and ask them to submit their final comments. We will give full consideration to all proposals that are timely filed.¹

New Procedures

In the past, we have accepted *initial* carrier proposals, reviewed them, and then negotiated *final* proposals with each applicant before formally presenting the proposals to the communities and asking for their final comments. We found that a two-step process was generally necessary because, in most cases, the incumbent carrier was the only one interested. As a result, we were unable to rely on competition to discipline carrier subsidy requests, and communities had to wait on a protracted selection process. More recently, however, we have noticed that most orders requesting essential air service proposals have drawn interest from at least two carriers, and sometimes more. Under the circumstances, we expect that competition among multiple carriers will ensure reasonable subsidy requests, obviate the need for rate negotiations, and allow us to streamline the carrier selection process.

Consequently, interested carriers should prepare their proposals with every expectation that their initial proposals will also be their *final* and *only* proposals.² We retain the discretion to further negotiate proposals with carriers when we deem it desirable; in such cases, of course, we will give all applicants the same opportunity. For example, we anticipate that we will continue to negotiate rates in cases where there is only a single interested carrier, as is typically the situation in Alaska. We also retain the discretion to reject outright all unreasonable or unrealistic proposals and resolicit a new round of proposals. However, we anticipate that negotiation or rejection will remain only occasional exceptions to the rule.

We are here providing interested carriers with some basic information to serve as guidance when they prepare their proposals, but we will not prescribe a precise format for their proposals. We expect proposals to adequately describe the service being proposed and the annual amount of subsidy being requested. The applicants can make their own judgments as to the level of detail they wish to present; however, they might want to include proposed schedules as well as supporting data for their subsidy requests, such as projected block hours, revenues and expenses. We strongly encourage clear, well-documented proposals that will facilitate their evaluation by

¹ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not proceed with the carrier-selection case. Instead, we simply rely on that carrier's subsidy-free service as proposed.

² For this reason, we will allow carriers 30 days to submit their proposals, rather than just 20 as in the past. Because the new procedures anticipate that a carrier's first proposal will also be its final proposal, we expect to enforce our filing deadlines more stringently than in the past. Carriers should not expect the Department to accept late filings. The additional 10 days will comfortably accommodate the additional time carriers may find necessary to prepare their proposals.

the affected communities and the Department. We do not anticipate any change in our selection criteria, or in the general provisions governing subsidy payments for essential air service.³

With respect to the specific Wyoming markets at issue here, we expect proposals consisting of service, at a minimum, with two-pilot, twin-engine aircraft with at least 15 passenger seats, and offering a minimum of two or three round trips each weekday and each weekend from the essential air service community to Denver. Such service is generally consistent with what the communities currently receive. We encourage proposals that meet those requirements in an efficient manner. Carriers are also welcome to propose more than one service option, if they choose; they need not limit themselves to those requirements if they envision other, potentially more attractive service possibilities—different hubs, for example—with subsidy requirements that remain competitive.

Service and Traffic History

Great Lakes has served all of these communities since 1998. During the year ended June 30, 2003, the most recent 12-month period for which traffic data are available, Laramie averaged 24.4 enplanements a day, Riverton 30.9, Rock Springs 24.3, and Worland 7.4. These figures represent declines of 21 to 34 percent from levels registered during calendar year 2000, prior to the terrorist attacks of September 11.⁴

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁵ Consequently, all carriers receiving Federal subsidy for essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. Because the Department is prohibited from paying subsidy to carriers that do not submit these documents, all carriers that plan to submit proposals involving subsidy should be aware that the selected carrier will be expected to complete the required certifications. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053.⁶

³ In selecting a carrier to provide subsidized essential air service, 49 U.S.C. 41733(c)(1) directs us to consider four factors: (1) service reliability; (2) contractual and marketing arrangements with a larger carrier at the hub; (3) interline arrangements with a larger carrier at the hub; and (4) community views. In addition, we have always given weight to the applicants' relative subsidy requirements.

⁴ See Appendix B for historical traffic data. Enplanements represent one-half of total origin-and-destination traffic, and average enplanements per day are based on 313 weekdays and weekends a year, except as noted.

⁵ The regulations applicable to these areas are: (1) 49 CFR Part 20 -- New restrictions on lobbying; (2) 49 CFR Part 21 -- Nondiscrimination in federally-assisted programs of the Department of Transportation -- Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27 -- Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 -- Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29 -- Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

⁶ The certifications are also available on the web at <http://ostpxweb.dot.gov/aviation/index.html>.

Community and State Comments

The communities and state are welcome to submit comments on the proposals at any time. As noted earlier, however, we will provide a summary of the proposals to the civic parties and ask them to submit their final comments shortly after the end of the 30-day period for carrier proposals.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at Laramie, Riverton, Rock Springs, or Worland, Wyoming, submit their proposals, with or without subsidy requests, no later than 30 days after the date of service of this order. The proposals should be sent to the EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street S.W., Washington, DC 20590, with the title "Proposal to Provide Essential Air Service at [the community or communities at issue]," with the docket number corresponding to each community as shown on the first page of this order;⁷
2. These dockets will remain open until further order of the Department; and
3. We will serve copies of this order on the mayors and airport managers of Laramie, Riverton, Rock Springs, and Worland, Wyoming; the Administrator of Aeronautics, Wyoming Department of Transportation, Aeronautics Division; Big Sky Transportation Co., d/b/a Big Sky Airlines; Great Lakes Aviation, Ltd.; Mesa Air Group; and the persons listed in Appendix C.

By:

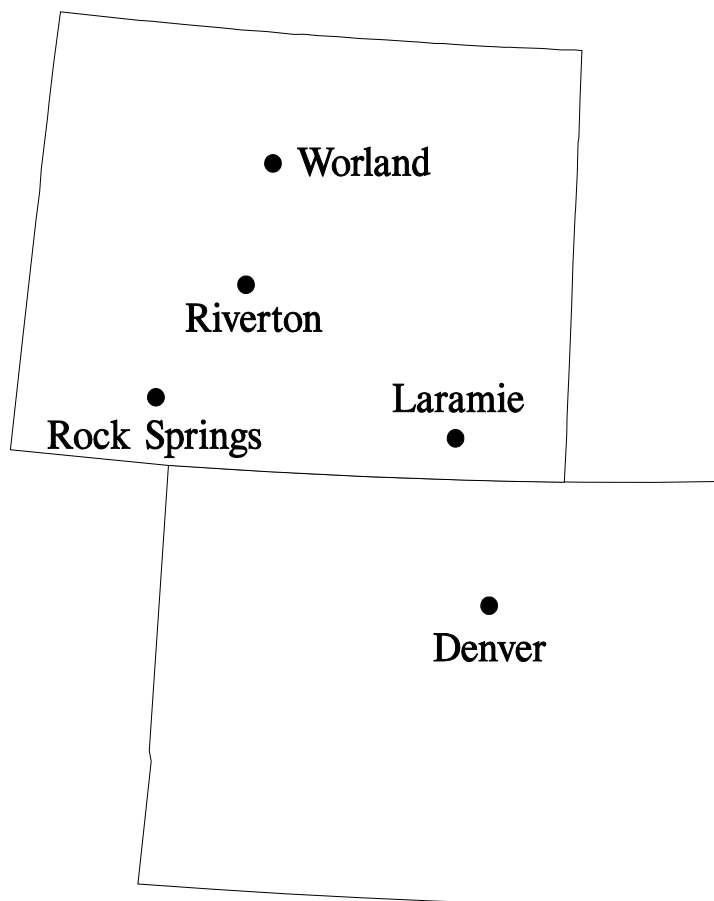
KARAN K. BHATIA
Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available
on the World Wide Web at <http://dms.dot.gov>*

⁷ Questions regarding filings in response to this order may be directed to Luther Dietrich at (202) 366-1046.

AREA MAP



Essential Air Service at Laramie, Wyoming
Historical Origin-Destination Passenger Traffic (both directions) ¹

Four quarters ended	<u>LAR-DEN</u>	<u>LAR-AMA</u>	<u>LAR-BFF</u>	<u>LAR-COD</u>	<u>LAR-CYS</u>	<u>LAR-FNL</u>	All other LAR markets	Total all LAR markets
12/31/1989	7,065	0	0	975	0	0	427	8,467
12/31/1990	9,002	0	0	393	2	0	234	9,631
12/31/1991	12,757	00	0	0	143	0	0	12,900
12/31/1992	16,074	0	0	0	120	0	0	16,194
12/31/1993	17,535	0	0	0	125	0	0	17,660
12/31/1994	18,891	0	0	0	207	0	7	19,105
12/31/1995	14,117	0	0	0	2,120	1	28	16,266
12/31/1996	17,646	0	8	0	742	0	19	18,415
12/31/1997	17,263	20	677	35	30	645	84	18,754
12/31/1998	17,267	0	620	0	23	0	210	18,120
12/31/1999	20,302	1,113	0	0	3	0	186	21,604
12/31/2000	23,119	13	0	0	3	0	172	23,307
12/31/2001	18,740	33	1	20	2	0	128	18,924
12/31/2002	16,221	20	0	37	1	0	74	16,353
6/30/2003	15,239	7	0	0	0	0	18	15,264

¹ Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, and Form T-100 for traffic reported by Mesa Airlines and Great Lakes Aviation.

Essential Air Service at Laramie, Wyoming
Average Daily Passenger Enplanements Computed from
Historical Origin-Destination Passenger Traffic

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> ²	<u>Average annual enplanements</u> ³	<u>Average enplanements per service day</u> ⁴
12/31/1989	8,467	4,234	13.5
12/31/1990	9,631	4,816	15.4
12/31/1991	12,900	6,450	20.6
12/31/1992	16,194	8,097	25.8
12/31/1993	17,660	8,830	28.2
12/31/1994	19,105	9,552	30.5
12/31/1995	16,266	8,133	26.0
12/31/1996	18,415	9,208	29.3
12/31/1997	18,754	9,377	30.0
12/31/1998	18,120	9,060	28.9
12/31/1999	21,604	10,802	34.5
12/31/2000	23,307	11,654	37.1
12/31/2001	18,924	9,462	30.2
12/31/2002	16,353	8,176	26.1
6/30/2003	15,264	7,632	24.4

² See page (1) of this Appendix.

³ Origin-destination passengers divided by two.

⁴ Average annual enplanements divided by 313 effective annual service days, except for the annual periods ended 12/31/1992, 12/31/1996, and 12/31/2000 (314 effective annual service days).

Essential Air Service at Riverton, Wyoming
Historical Origin-Destination Passenger Traffic (both directions) ⁵

Four quarters ended	<u>RIW-DEN</u>	<u>DEN-COD</u>	<u>RIW-WRL</u>	All other RIW <u>RIW markets</u>	Total all RIW <u>markets</u>
12/31/1989	27,645	3,343	0	0	30,988
12/31/1990	29,265	2,838	0	10	32,113
12/31/1991	32,100	82	121	0	32,303
12/31/1992	33,380	186	27	0	33,593
12/31/1993	35,311	74	76	117	35,578
12/31/1994	32,063	51	63	34	32,211
12/31/1995	25,718	47	1,638	203	27,606
12/31/1996	24,829	12	601	174	25,616
12/31/1997	23,782	0	1,419	396	25,597
12/31/1998	24,138	0	1,016	465	25,619
12/31/1999	26,054	0	60	387	26,501
12/31/2000	26,051	0	239	297	26,587
12/31/2001	22,297	0	294	213	22,804
12/31/2002	19,793	2	126	118	20,039
3/31/2003	19,305	0	17	29	19,351

⁵ Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, and Form T-100 for traffic reported by Rocky Mountain Airways, Continental Express, GP Express Airlines, Mesa Airlines, and Great Lakes Aviation.

Essential Air Service at Riverton, Wyoming
Average Daily Passenger Enplanements Computed from
Historical Origin-Destination Passenger Traffic

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> ⁶	<u>Average annual enplanements</u> ⁷	<u>Average Enplanements per service day</u> ⁸
12/31/1989	30,988	15,494	49.5
12/31/1990	32,113	16,056	51.3
12/31/1991	32,303	16,152	51.6
12/31/1992	33,593	16,796	53.5
12/31/1993	35,578	17,789	56.8
12/31/1994	32,211	16,106	51.5
12/31/1995	27,606	13,803	44.1
12/31/1996	25,616	12,808	40.8
12/31/1997	25,597	12,798	40.9
12/31/1998	25,619	12,810	40.9
12/31/1999	26,501	13,250	42.3
12/31/2000	26,587	13,294	42.3
12/31/2001	22,804	11,402	36.4
12/31/2002	20,039	10,020	32.0
3/31/2003	19,351	9,676	30.9

⁶ See page (3) of this Appendix.

⁷ Origin-destination passengers divided by two.

⁸ Average annual enplanements divided by 313 effective annual service days, except for the annual periods ended 12/31/1992, 12/31/1996, and 12/31/2000 (314 effective annual service days).

Essential Air Service at Rock Springs, Wyoming
Historical Origin-Destination Passenger Traffic (both directions) ⁹

Four quarters ended	<u>RKS-DEN</u>	<u>RKS-JAC</u>	<u>RKS-SBS</u>	<u>All other RKS markets</u>	<u>Total all RKS markets</u>
12/31/1989	21,274	1,703	771	0	23,748
12/31/1990	26,956	953	0	0	27,909
12/31/1991	30,281	0	0	19	30,300
12/31/1992	27,094	0	0	0	27,094
12/31/1993	28,105	44	0	5	28,154
12/31/1994	27,972	0	0	2	27,974
12/31/1995	18,773	0	0	159	18,932
12/31/1996	17,701	0	0	57	17,758
12/31/1997	20,037	0	0	259	20,296
12/31/1998	17,708	0	0	370	18,078
12/31/1999	18,191	0	0	627	18,818
12/31/2000	18,801	0	0	445	19,246
12/31/2001	16,930	0	0	474	17,404
12/31/2002	15,720	0	0	288	16,008
3/31/2003	15,170	0	0	64	15,234

⁹ Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, and Form T-100 for traffic reported by Rocky Mountain Airways, Continental Express, GP Express Airlines, Mesa Airlines, and Great Lakes Aviation.

Essential Air Service at Rock Springs, Wyoming
Average Daily Passenger Enplanements Computed from
Historical Origin-Destination Passenger Traffic

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> ¹⁰	<u>Average annual enplanements</u> ¹¹	<u>Average Enplanements per service day</u> ¹²
12/31/1989	23,748	11,874	37.9
12/31/1990	27,909	13,954	44.6
12/31/1991	30,300	15,150	48.4
12/31/1992	27,094	13,547	43.1
12/31/1993	28,154	14,077	45.0
12/31/1994	27,974	13,987	44.7
12/31/1995	18,932	9,466	30.2
12/31/1996	17,758	8,879	28.3
12/31/1997	20,296	10,148	32.4
12/31/1998	18,078	9,039	28.9
12/31/1999	18,818	9,409	30.1
12/31/2000	19,246	9,623	30.6
12/31/2001	17,404	8,702	27.8
12/31/2002	16,008	8,004	25.6
3/31/2003	15,234	7,617	24.3

¹⁰ See page (5) of this Appendix.

¹¹ Origin-destination passengers divided by two.

¹² Average annual enplanements divided by 313 effective annual service days, except for the annual periods ended 12/31/1992, 12/31/1996, and 12/31/2000 (314 effective annual service days).

Essential Air Service at Worland, Wyoming
Historical Origin-Destination Passenger Traffic (both directions) ¹³

Four quarters ended	<u>WRL-DEN</u>	<u>WRL-RIW</u>	All other <u>WRL markets</u>	Total all WRL <u>markets</u>
12/31/1989	2,190	0	432	2,622
12/31/1990	3,203	0	341	3,544
12/31/1991	4,516	121	11	4,648
12/31/1992	5,468	27	0	5,495
12/31/1993	5,457	76	0	5,533
12/31/1994	5,467	63	0	5,530
12/31/1995	2,152	1,638	21	3,811
12/31/1996	4,412	601	1	5,014
12/31/1997	2,369	1,419	34	3,822
12/31/1998	4,295	1,016	117	5,428
12/31/1999	5,418	60	65	5,543
12/31/2000	5,795	239	81	6,115
12/31/2001	4,730	294	58	5,082
12/31/2002	4,032	126	27	4,185
3/31/2003	4,600	17	28	4,645

¹³ Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, and Form T-100 for traffic reported by Mesa Airlines and Great Lakes Aviation.

Essential Air Service at Worland, Wyoming
Average Daily Passenger Enplanements Computed from
Historical Origin-Destination Passenger Traffic

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> ¹⁴	<u>Average annual enplanements</u> ¹⁵	<u>Average Enplanements per service day</u> ¹⁶
12/31/1989	2,622	1,311	4.2
12/31/1990	3,544	1,772	5.7
12/31/1991	4,648	2,324	7.4
12/31/1992	5,495	2,748	8.8
12/31/1993	5,533	2,766	8.8
12/31/1994	5,530	2,765	8.8
12/31/1995	3,811	1,906	6.1
12/31/1996	5,014	2,507	8.0
12/31/1997	3,822	1,911	6.1
12/31/1998	5,428	2,714	8.7
12/31/1999	5,543	2,772	8.9
12/31/2000	6,115	3,058	9.7
12/31/2001	5,082	2,541	8.1
12/31/2002	4,185	2,092	6.7
3/31/2003	4,645	2,322	7.4

¹⁴ See page (7) of this Appendix.

¹⁵ Origin-destination passengers divided by two.

¹⁶ Average annual enplanements divided by 313 effective annual service days, except for the annual periods ended 12/31/1992, 12/31/1996, and 12/31/2000 (314 effective annual service days).

Service List for the State of Wyoming

Air Wisconsin, Inc.
Alpine Air Express
Alpine Aviation, Inc.
Amerijet International, Inc.
Barken International, Inc.
Big Sky Transportation Co.
Corporate Air
Corporate Airlines, Inc.
Delta Connection
Empire Airlines, Inc.
Falcon Aviation, Inc.
Mesa Airlines, Inc.
Midwest Express Airlines, Inc.
Northern Tier Airlines, Inc.
Rocky Mountain Helicopters, Inc.
SkyWest Airlines, Inc.
Westward Airways, Inc.
Wings West Airlines, Inc.

Ken Bannon
Rick Bauer
Doug Franklin
E.B. Freeman
Ben Harrison
A. Edward Jenner
Bob Karns
Colleen O'Day
Gene Mallette
Lee Mason
Andy Pike
Gary L. White